

Division(s):

**CABINET – 26 FEBRUARY 2013**  
**OXFORD CITY DRAFT CHARGING SCHEDULE**  
**CONSULTATION RESPONSE**

**Report of Deputy Director (Strategy and Infrastructure Planning)**  
**Environment and Economy**

**Purpose**

1. The purpose of this paper is to:
  - a) Update Cabinet on the key issues for the County Council arising from the proposed introduction of the Community Infrastructure Levy (CIL) in Oxford City.
  - b) To agree the County Council's response to Oxford City's consultation on their CIL Draft Charging Schedule.

**Background to the Community Infrastructure Levy**

2. The Community Infrastructure Levy (CIL) is a new levy that a Charging Authority can choose to charge on new development in their area. In two-tier areas (such as Oxfordshire) the Charging Authority will be the District Councils in their role as Local Planning Authority. They will also be the Collecting Authority receiving the levy payments. Where the County Council is the statutory Planning Authority it will be able to charge a levy: this will then be collected by the Collection Authority.
3. The levy will help pay towards infrastructure that supports new development and facilitate growth. This includes transport schemes, flood defences, schools, hospitals and other health and social care facilities, parks, green spaces and leisure centres.
4. Planning obligations (i.e. S106 agreements) will still have a role to play in terms of site specific infrastructure required to mitigate the impact of a specific development. However, the CIL regulations introduced a number of reforms that will see the use of planning obligations scaled back. Those reforms come in to full operation on 6 April 2014, by which time if there is no CIL in operation within a Charging Authority's area the potential for both district and county authorities to continue to secure contributions via S106 agreements will be very restricted<sup>1</sup>.
5. Further information on the Community Infrastructure Levy is set out in a summary in Annex 1.

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<sup>1</sup> After the 6 April 2014 the pooling of contributions under planning obligations towards a piece of infrastructure will only be allowed from up to 5 developments.

## Oxford City: Proposals

6. Oxford City Council consulted on their CIL Preliminary Draft Charging Schedule between the 13th July 2012 and the 24th August 2012. The County Council's response to that consultation is included as Annex 2.
7. Oxford City Council is now seeking representations on their Draft Charging Schedule. This summarises the responses the City Council received in respect of the Preliminary Draft Charging Schedule and sets out the City Council's proposed response.
8. The City Council has made no changes to the Charging Schedule between Preliminary and Draft stages. However the City Council have taken into account a number of the County Council's earlier comments, specifically;
  - There is now provision for payment by instalments and
  - There is agreement as to the need to review with the County Council the Oxford Planning Obligations Supplementary Planning Document in parallel with the introduction of the CIL.
9. The City Council is still proposing to have a single CIL zone covering the whole of Oxford, with the following indicative rates:

**Table 1: Summary Oxford CIL schedule**

<u>Development Type</u> (Use Class)	<u>Levy/m<sup>2</sup></u>
Residential (incl student accommodation) (C3&4 Classes)	£100
Retail (A Classes)	£100
Other commercial development (B and C1 Classes)	£20
Other development, Sui Generis Inc. D1 class	£20

10. The consultation on the Draft Charging Schedule is the last chance for the County Council to formally comment on the CIL Charging Schedule before it is submitted for public examination by an independent Inspector.
11. The current timetable for the adoption of CIL in Oxford City is:

**Table 2- Oxford CIL adoption timetable**

<b>Stage</b>	<b>Date</b>
Consultation on Draft Charging Schedule	18 <sup>th</sup> Jan 2013 – 1 <sup>st</sup> March 2013
Submission for Examination	March 2013
Public Examination	June 2013 (expected)
CIL adoption	October 2013

12. The CIL rate will be fixed following the Public Examination. At that stage the City Council will prepare its CIL Infrastructure Schedule (otherwise known as the Regulation 123 List). This will outline the projects or type of infrastructure that CIL revenue will be spent on. Infrastructure or projects that are included on the Regulation 123 List will also not be eligible for inclusion within future S.106 planning agreements.
13. The City Council will consult on the draft Regulation 123 list. The finalised Reg. 123 List will be published on the City Council website. The List can be updated as appropriate following consultation on proposed changes and provided that the proposed change does not have a significant impact on viability. Any revision of the CIL rate itself can only take place following consultation and independent examination.

### **County Council: Proposed Response**

14. The County Council's response to this consultation will form the basis of any representations made to a subsequent Public Examination.
15. The County Council welcomes the City Council's intention to introduce the Levy. It welcomes the City Council's decision to make provision for payment by instalments. It also welcomes the decision to review (in parallel with the introduction of the CIL) the existing Oxford City Planning Obligations and Affordable Housing SPD's and to produce a single SPD to operate alongside CIL. The County Council looks forward to working with the City Council as part of the review process.
16. The introduction of the Community Infrastructure Levy is critical to securing contributions towards the cost of infrastructure and services provided by the County Council that arise from new development in Oxford. The County Council will want to work closely with the City Council in the identification of the draft Regulation 123 List. The County Council considers it essential that a protocol is entered into between the City Council and County Council that will govern the transfer of funds collected by the City Council towards the provision of County Council -provided infrastructure and services.
17. Any consideration of the CIL rate for Oxford City should take place within the context of the broader Oxfordshire economy of which the City forms part. The County Council strongly encourages co-ordination of the short to mid-term infrastructure programming related to CIL be informed through the county-wide Spatial Planning and Infrastructure Partnership.

18. The County Council recognises the relatively high affordable housing requirements within Oxford, and the implications this has for the setting of the CIL rate in Oxford City. The County Council considers it important that the CIL rate is optimised so as to maximise the funds secured towards the delivery of infrastructure and services that offset the impact of new development. It accepts that this may have implications for the scale of affordable housing that might be delivered. The County Council is seeking a detailed review of affordable housing requirements in Oxford City and the implications this may have on the CIL rate.
19. The Oxford affordable housing policy currently only requires contributions from residential developments above 3 units. One of the CIL principles is to ensure all development provides its fair share towards infrastructure while maintaining development viability. The viability analysis highlights that affordable housing requirements have a major impact on development viability and the ability to charge higher CIL rates. The County Council suggests that a higher CIL levy could be charged on developments below the affordable housing threshold, as development viability of these sites could support a CIL at a higher rate and therefore generate further funding for CIL infrastructure while still ensuring these types of developments are deliverable.
20. The County Council recognises that the evidence base on which to develop a rate for B class commercial development is limited due to current economic conditions and land availability. However the County Council is of the view that a higher rate may be affordable reflecting the generally higher development values in Oxford. It therefore recommends that the City Council undertakes a more extensive review of the evidence base for commercial development with a view to amending the charging schedule to include differential rates for commercial development. Such an approach would be more consistent with the City Council's own CIL viability study conducted in July 2012.
21. The DCS proposes a charge of £20/m<sup>2</sup> for D1 use: this land use class includes development such as education establishments and libraries and other public establishments.
22. The County Council is seeking to agree a protocol with the City Council for managing CIL payments in relation to public buildings. While the County Council acknowledges the City Council's concerns that the D1 class can include commercial operations such as conference centres, the County Council's view is that these would often be developed as ancillary uses to other use classes. As a consequence they would be liable either to pay CIL at the appropriate rate for that class or alternatively be subject to a charge that is negotiated on a bespoke basis.
23. The County Council recommends that the rate for D1 land use is set at zero in line with the majority of the CIL schedules already consulted on in the rest of the country. This reflects the fact that the majority of D1 land uses will involve an element of public subsidy. To apply the CIL on such proposals would in effect add additional and unnecessary cost to publicly funded development.
24. The introduction of the Oxford CIL is taking place at a low point in the economic cycle. The County Council therefore welcomes the City Council's commitment to an early review of the charging schedule. The County Council recommends that the City Council make a formal commitment that such a review take place

within 2 years of its introduction, with a further commitment to undertake regular reviews of the charging schedule (at intervals of no more than 3 years).

## **Financial and Staff Implications**

25. The County Council will deal with issues arising from the introduction of the CIL using current staff.
26. The introduction of CIL legislation has a major impact on the ability to request S106 planning obligations on new development. As a signatory to Section 106 agreements the County Council has certainty as to the level and timing of contributions made towards offsetting the impact of new development. Under CIL the Regulation 123. List will determine which infrastructure projects that can only be delivered using CIL funds: those projects will in future not be eligible for inclusion in S106 agreements.
27. The City Council are the accountable body for CIL and will have responsibility for producing and maintaining the Regulation 123 list as well as collecting CIL. It will also be responsible for producing and publishing the infrastructure programme that will determine where the CIL monies are spent.
28. The County Council will continue to be responsible for delivering the infrastructure and services which it has responsibility for and will need to be delivered using CIL funds. It is therefore critical that the County Council is closely involved in developing the Regulation 123 List. It is will also be critical that a protocol is put in place between the City Council and the County Council that guarantees transfer of CIL funds required, in a timely manner, for delivery of County Council delivered infrastructure and services.
29. Even with the introduction of the CIL it is likely that S106 agreements will continue to be used to secure the majority of site specific infrastructure, for example site specific education facilities. It is therefore essential that the County Council continues to be a co-signatory to City Council S106 agreements that include obligations towards County Council infrastructure.

## **Recommendations**

**It is RECOMMENDED that the Cabinet approve the County Council's response to the Oxford Draft Community Infrastructure Levy Schedule as set out in this report**

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